



What Every Consumer Should Know:

Drug Formularies

What is a formulary?

A formulary is a list of prescription drugs that your health plan will cover. Each health plan has its own formulary.

Who decides which medications to include in the plan's formulary?

In most cases a formulary committee of physicians and pharmacists evaluate and recommend medications that are both medically effective and cost-effective. Generally, medications are added to or eliminated from a health plan's formulary only after careful review by a formulary committee.

Why are formularies necessary?

Formularies are intended to list medications that offer the best quality of care and the best value. Safety, effectiveness, and cost are considered when a health plan formulary committee decides which medications to cover. Most health plans regularly review and revise their formularies as new medical research becomes known.

What does "tiered formulary" or "tiered pharmacy benefits" mean?

Many health plans now offer "tiered" approaches. For instance, a "three-tier" formulary gives health plan members three choices: 1) minimal co-payment for a lower-cost generic drug¹ if available, 2) a somewhat higher payment for brand-name drug included in the formulary, and 3) an even higher payment for a brand-name drug not included in the formulary.

What if my doctor prescribes a medication that is not in my health plan's formulary?

Before you leave your health care provider's office, ask: "Why did he/she select this drug?" and "Is this medication(s) included in my health plan's formulary?" If your health plan doesn't cover a particular medication, your physician may prescribe either a similar medication that is covered, or a generic form of the drug. If your doctor determines that you need a medication that is not included in your health plan's formulary, you may need to go through the appeals process with your health plan to request coverage. Your doctor may need to write a letter describing why a particular drug is medically necessary. It is important to note that a letter from your doctor may not guarantee payment. If you feel strongly that you want a particular non-formulary drug which your physician thinks would be safe and effective even though there is an alternative on the formulary, you may ask to have it prescribed and agree to pay a higher price.

How can I find out which medications my health plan will cover?

The best way to find out which medication your health plan covers is to contact your health plan directly. Upon request, your health plan can send you an updated formulary list. Formulary information is also available from the Sacramento-based advocacy group, Citizens for the Right to Know (www.rtk.org). The site lets you choose a drug, and shows you which California health plans (not all health plans in California are included) include it in their formulary.

1. Please see *Generic vs. Brand Name Medications* for more information.